



City of Richmond

Report to Committee

To: Finance Committee **Date:** February 23, 2024
From: Jerry Chong, CPA, CA **File:** 03-1200-09/2024-Vol 01
General Manager, Finance & Corporate Services
Re: **Richmond Olympic Oval Corporation – 2024 Annual Operating and
Capital Budgets & Comprehensive Workplan**

Staff Recommendation

1. That the 2024 Annual Operating and Capital Budgets approved by the Richmond Olympic Oval Corporation's Board of Directors and presented in the report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information; and
2. That the 2024 Richmond Olympic Oval Corporation Comprehensive Workplan that has been approved by the Corporation's Board of Directors be received for information.

Jerry Chong, CPA, CA
General Manager
Finance & Corporate Services
(604-276-4064)

REPORT CONCURRENCE
APPROVED BY CAO 

DATE: February 22, 2024

TO: Serena Lusk
Chief Administrative Officer, City of Richmond

Jerry Chong
General Manager, Finance & Corporate Services, City of Richmond

FROM: Rick Dusanj, CPA, CA
Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation – 2024 Annual Operating and Capital Budgets & Comprehensive Workplan**

Origin

This staff report is provided to City Council for information. The Richmond Olympic Oval Corporation's (the "Corporation") Board of Directors ("BOD") are responsible for approving the Corporation's annual budgets and did so for both the 2024 operating budget (Attachment 1) and the 2024 capital budget on February 7th, 2024. In addition to this, the BOD subsequently approved the Corporation's 2024 Comprehensive Workplan (Attachment 2).

Analysis

2024 Operating Budget

The 2024 budget will build on the momentum recognized in 2023, and while programming revenues are continuing on a positive trajectory, the operating costs have also increased as expected, as the Corporation has not been immune to the accelerated inflation experienced in all service sectors. In 2024, Oval Management will continue to streamline operations and be vigilant in monitoring its operating costs. The 2024 budget was prepared with key directives, including minimizing impacts on the budget to items such as the following: non-discretionary expenditures, costs associated with contractual commitments and/or those outside of the Corporation's control, expenses required to maintain vital infrastructure, and expenses required as a result of the growth in operations where there was a favourable gross margin impact. In addition to this, there are also two notable areas that will negatively impact the Oval's bottom line when comparing the 2023 vs. 2024 budget. These include the 2010 Games Operating Trust (GOT) funding revenue as well the impacts of the timing of revenue recognized for external funding that was received pertaining to the Fields project. The total impact of these two items on the 2024 budget is approximately \$1.3M. Without these anomalies, the Corporation's net budget would improve by approximately \$1M year over year.

2024 Outlook

In 2024, the Richmond Olympic Oval will continue to be a hub of sport and fitness activity and will seek to further enhance its value for the Richmond community in several ways. The first is introducing a new \$10 non-peak drop-in rate to encourage visitation outside of high visitation hours and to provide a lower admission cost for community members seeking daytime sport and fitness activities. Drop-in hours at the climbing wall will expand to include more early mornings and late evenings. This enhancement reflects the growing demand for climbing facilities and increased drop-in climbing hours. The Oval will expand member and drop-in activities to include outdoor sports such as soccer on the Fields, the Oval's newest community asset. Finally, the Oval will continue to offer more than 60 group fitness classes weekly, providing even more opportunities for individuals to pursue their fitness goals under the guidance of experienced instructors. The OVALfit suite of formats ranges from low-intensity FLOW formats, including Pilates and Roll and Restore, to high-intensity ATHLETIC classes designed to challenge each participant's inner athlete.

The Oval saw a high demand for youth programming in 2023, and it is anticipated that the demand will continue to increase in 2024 for popular programs such as climbing, learn to skate, and sports camps. Training space will also continue to be provided for various community-based sports groups, and some of the community groups and organizations from Richmond or with strong Richmond-based participation expected in 2024 include, but are not limited to: Air Attack Volleyball, Aura Gymnastics, Brazilian Soccer School, Connaught Figure Skating Club, Drive Basketball, Richmond Arenas Community Association (RACA), Richmond Rockets Speed Skating Club and Urban Rec.

Supporting the pursuits of high performance athletes through an integrated service model will continue to be a priority for the Oval in 2024. In 2023, the Oval supported 72 high performance sport groups through facility rentals, strength and conditioning services and sport-specific training. These groups range from local sport organizations such as Split Second Basketball and the Greater Vancouver Canadians, to National teams, including Volleyball Canada, Climbing Escalade Canada and Field Hockey Canada. No matter where these athletes fall on the Long-Term Development pathway, the Oval will continue supporting their athletic pursuits through Oval High Performance.

2024 Capital Budget

The 2024 capital budget totals \$2.15M, which includes a minor capital budget of \$1.44M and a major capital budget of \$0.71M and will be primarily funded by the Corporation's capital reserves. The minor capital projects are primarily projects that involve the maintenance or replacement of existing capital assets and infrastructure and projects that support programming. This includes \$0.31M of building operations requirements (e.g., ice resurfacer), \$0.75M of program related improvements and equipment (e.g., cardio and strength equipment), \$0.18M of computer software & equipment, and a \$0.20M contingency for any safety, security, or other related issues. The major capital budget of \$0.71M is for long-term facility maintenance items primarily relating to the Corporation's mechanical, refrigeration, and electrical systems and for a centralized enterprise planning resource system for key administrative functions.

A handwritten signature in black ink, appearing to read "R. Dusanj".

Rick Dusanj, CPA, CA
Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

ATTACHMENT 1

2024 Operating Budget

RICHMOND OLYMPIC OVAL CORPORATION				
Operating Budget				
	2023	2024		
	BUDGET	BUDGET	\$ Change	% Change
REVENUES				
2010 Games Operating Trust	\$ 3,725,000	\$ 3,200,000	\$ (525,000)	-14.1%
Contribution from City of Richmond	3,903,713	4,001,306	97,593	2.5%
Memberships, admissions and programs	8,379,797	10,515,858	2,136,060	25.5%
Other (Note 1)	2,405,931	2,041,919	(364,012)	-15.1%
	18,414,441	19,759,083	1,344,642	7.3%
EXPENSES				
Memberships, admissions and programs	6,787,940	7,738,885	950,945	14.0%
Facility Operations	5,020,164	5,433,275	413,111	8.2%
Marketing	582,571	602,864	20,294	3.5%
Admin/Finance	3,750,593	3,986,153	235,559	6.3%
	16,141,268	17,761,176	1,619,909	10.0%
Net income before amortization and transfers	\$ 2,273,174	\$ 1,997,907	\$ (275,267)	-12.1%
Amortization	2,500,000	2,600,000	100,000	4.0%
Net income after amortization and before transfers	\$ (226,826)	\$ (602,093)	\$ (375,267)	-165.4%
Transfer to reserves/provisions (Note 2)	TBD	TBD		
Net income after amortization and transfers	TBD	TBD		
Note 1 - The 2023 budget included an estimated \$1M of external funding revenue pertaining to the Fields project that will be recognized into revenue. The 2024 budget includes \$0.20M of external funding revenue as well.				
Note 2 - The budgeted transfer to reserves/provisions is not estimated at this time as the amount will be determined by the Capital Works Committee.				

RICHMOND OLYMPIC OVAL 2024 COMPREHENSIVE WORKPLAN



TABLE OF CONTENTS

01 Executive Summary

03 Preamble

05 Key Initiatives for 2024

- Grow the Core Programs
- Capital Planning & Major Maintenance
- Continued Collaboration with Oval Tenants and Partners
- Grow and Foster Relationships with Our Sport Partners
- Telling the Oval Story
- Streamlining the Delivery of Customer Services
- Explore New Business Lines

EXECUTIVE SUMMARY

The mandate of the Oval Corporation is to operate and continue to develop, deliver, and grow programs and services at the Richmond Olympic Oval in line with the City's vision to convert an Olympic competition venue to a premier multi-purpose community sport and recreation facility. In its 16th year of operations, the Oval continues to deliver on this mandate and in a manner that is complementary to what is offered at other community facilities.

In 2023, the Oval's financial performance continued to trend positively in terms of revenue growth. The Oval's core programs which include registered programs, membership and rentals surpassed \$10M in revenue. Other achievements in 2023 included the grand opening of the Fields, an improved parking experience for guests, and an increase in funding received from the Games Operating Trust (GOT).

This Comprehensive Workplan summarizes the Oval's key initiatives for 2024, and how the Oval will continue to build on the momentum from 2023. The workplan also provides greater context on the Oval's core programs, including a financial summary of each.

Key Initiatives:

1. GROW CORE PROGRAMS

The Oval's core programs, or key business lines are comprised of the following:

- Community Sport and Physical Literacy
- High Performance Sport
- Events and Activations
- Fitness and Longevity
- Member and Guest Experiences
- Richmond Olympic Experience
- Oval Sport Store
- YYoga

During 2024, cumulative revenue from core programs is projected to grow by 27%, or approximately \$2.14M, and a 75% improvement on the net amount. Below is a summary table of budgeted revenues and expenses. A breakdown of each core program is included in the workplan.

Oval Core Programs	2023 Budget	2024 Budget	2024 Budget vs 2023 Budget \$	2024 Budget vs 2023 Budget %
Revenues	\$7.98M	\$10.12M	\$2.14M	26.8%
Expenses	\$6.39M	\$7.34M	\$0.95M	14.9%
Net	\$1.59M	\$2.78M	\$1.19M	74.8%

2. CAPITAL PLANNING AND MAJOR MAINTENANCE

The long-term sustainability of the Oval's mechanical, refrigeration, electrical and structural/building envelope infrastructure continues to be a key priority for the Oval Corporation. For 2024, the Oval's capital investment is \$2.15M, which will fund various initiatives including the replacement and upgrades to the HVAC, lighting and security systems.

Other capital investments of note include the replacement of the Oval's original ice resurfacers, and a temporary arena closure for the rink slab control joint replacement.

3. CONTINUED COLLABORATION WITH OVAL TENANTS AND PARTNERS

In late 2023, the Oval welcomed Jevity Life Sciences (Bodycomp Imaging Inc.) as a new tenant and health and wellness offering to the public and Oval members. Jevity offers Dual Energy X-ray Absorptiometry (DEXA) scanning services and client consultation which facilitates individuals in easily measuring and monitoring the effectiveness of their fitness activities and lifestyle choices.

Other tenants at the Oval include LifeMark Health, Truffles (café operator) and various sport organizations that rent in the Oval's shared office space. The Oval is expected to generate \$430K in lease revenue in 2024.

4. GROW AND FOSTER RELATIONSHIPS WITH OUR SPORT PARTNERS

Oval staff will continue to develop and foster productive relationships with agencies that contribute to the Oval's long-term viability and success and who also contribute to the Oval's status and reputation as an internationally recognized joint community and high performance sport legacy venue. These agencies include:

- GOT that allocates 2010 Games legacy funding to the Oval;
- The Olympic Museum Network from who the Oval receives significant VIK support of the ROX;
- The International Olympic Committee (IOC) through our ongoing access to their marks and symbols, including public use of the Olympic Rings, and;
- Various sport bodies such as Speed Skating Canada, Volleyball Canada, Climbing Escalade Canada, Field Hockey Canada, Wheelchair Rugby Canada and the Canadian Olympic Committee

Working with these organizations is fundamental to the Oval servicing high performance sport groups as part of its GOT funding obligations, accessing artifacts and rotating exhibits as a member of the Olympic Museum Network, and extending the City of Richmond's Olympic Legacy which strengthens the Oval's reputation as an internationally recognized legacy venue with a shared community and high performance model.

5. TELLING THE OVAL STORY

For 2024, the Marketing and Communications team will continue to raise awareness about the Oval's facilities, evolving programs, services, and membership benefits. Furthermore, the team will continue to drive core program revenues, including short-term and long-term membership sales, through social and targeted digital marketing. The Oval's Marketing budget is \$603K, representing approximately 5% of the Oval's Core Programs revenue.

Taking into account factors such as the stage of the business (startup, growth, recovery phase, established), the target market and level of competition, the industry standard for marketing spend for "B2C" (business to consumer) entities like the Oval is to allocate 9-12% of total revenue to marketing expenses.

6. STREAMLINING THE DELIVERY OF CUSTOMER SERVICES

Two key 2024 initiatives include the implementation of an Enterprise Resource Planning (ERP) system. The purpose of the ERP system is to streamline data accessibility, ensure reliability, minimize cyber risks, improve efficiency and productivity, and ultimately improve organizational business processes. Also underway is an organizational initiative for cross-training front line staff to work in multiple departments to realize greater efficiencies in labour and program delivery.

7. EXPLORE NEW BUSINESS LINES

In support of the Oval's mandate to provide facilities for entertainment events, the Corporation will explore new business lines that utilizes the Oval as a venue for major attractions with the intent to bolster tourism in Richmond by attracting people to the Oval for purposes beyond sport and recreation.

PREAMBLE

The Richmond Olympic Oval Corporation is honoured to serve the community on behalf of the shareholder in the delivery of sport and recreation services of the highest standard. In alignment with the original vision for the Oval and the contractual obligations associated with funding from the Games Operating Trust (GOT), staff have continued to operate the facility to make sure it:

- Provides facilities, programs and services for quality sport, fitness, recreational uses and wellness services;
- Provides facilities for non-sporting, community and entertainment events;
- Develops, uses and promotes the Oval as a training and competition facility for high performance sport, and;
- Provides ancillary commercial, retail, health and wellness services to enhance its use in respect of the activities set out above.

The Corporation continues to ensure that the programs and services provided at the Oval are part of a greater continuum of sport, wellness, fitness and culture offered in Richmond's facilities. This complementary approach provides Richmond residents with a wider range of options to consider as they pursue their health and wellness goals. The Oval strives to provide significant value while being complementary to what is offered in Richmond community centres. One such example is the Oval's adult annual membership rate of \$745. Though priced higher than other community facilities, the Oval rate is justified in consideration of its extensive range of offerings as well

as offsetting the inherent higher costs that are associated with the unique size and nature of the structure. The table below illustrates how the Oval is situated in the market with respect to pricing and the suite of services offered.

Facility	Annual Rate	Aged Based Discounts	Loyalty Program	Parking Included	Group Fitness	Climbing	Courts
Richmond Community Centres	\$365	✓		✓	✓		✓
Minoru Centre for Active Living	\$564	✓		✓	✓		
Fitness World	\$572				✓		
Richmond Olympic Oval	\$745	✓	✓	✓	✓	✓	✓
Hive Climbing	\$1,525					✓	
YYoga	\$1,650				✓		
Orange Theory	\$2,380				✓		

The Richmond Olympic Oval's financial performance in 2023 continued to trend positively, earning over \$10M in revenue from the Oval's core programs - memberships, admissions, rentals and registered programs. This milestone exceeded 2023 budget targets by 20% and surpassed a previous high of \$9.23M from 2019, indicating a return to steady state operations.

This past August, the Corporation was pleased to unveil the Fields, the Oval's newest outdoor community amenity. With Council's authorization and over \$3M in external funding from government grants and the Richmond Hotels Destination Association, a previously underutilized parcel of land was transformed into a 60,000 square-foot, year-round venue which will not only provide more outdoor activity space for the community but facilitate future growth with the on-going demand for sport, fitness, and event programming.

In addition to achieving strong financial performance through its core programs, the Oval continued to be an economic driver for local businesses by hosting 53 events in 2023 which generated over \$30M in economic activity.

The Oval Corporation also realized notable increases from GOT funding and pay parking. With respect to the annual funding application for GOT, the Oval continued to exceed the obligations related to GOT compliance reporting, and in 2023 the City received \$4.1M. Overall, GOT has allocated over \$51M to the Oval.

To better accommodate the Oval's estimated 1.3M annual visits, several initiatives to improve the parking experience for guests were implemented. These initiatives included increasing the overall parking inventory, moving staff, user groups and tenants to park at an offsite location and implementing a new drop off/pick up area on River Road. The implementation of the parking improvement strategy resulted in fewer occurrences of parking overflow in 2023 (despite a 30% increase in parking transactions from the previous year) and a \$150,000 increase in budgeted parking revenues for 2024.

The following is a detailed summary on the Oval's key initiatives for 2024, and how the Oval will continue to build on the momentum from 2023. The workplan also provides greater context on the Oval's core programs, including a financial summary of each. Lastly, the document highlights new areas of focus, including initiatives for streamlining program delivery and creating greater efficiencies.

KEY INITIATIVES FOR 2024

1. Grow the Core Programs

COMMUNITY SPORT AND PHYSICAL LITERACY

The Community Sport and Fitness Department oversees most of the Oval's registered programs (i.e.: camps, climbing programs, learn to skate), court and arena rentals and physical literacy programming. This department also supports the delivery of membership sport drop-ins such as basketball, skating, table tennis, badminton, climbing, soccer and futsal. In its delivery, the Community Sport team adapts a complementary approach of services to the entire community. Points of differentiation from programs offered at Richmond community centres include unique summer offerings like kids triathlon and skateboarding camps. For 2024, much of the growth in Community Sport will come from the Fields, Climbing programs, Learn to Skate and Summer Camps.

Community Sport & Physical Literacy	2023 Budget	2024 Budget	2024 Budget vs 2023 Budget \$	2024 Budget vs 2023 Budget %
Revenues	\$2.67M	\$3.20M	\$0.53M	19.7%
Expenses	\$2.03M	\$2.40M	\$0.37M	18.7%
Net	\$0.64M	\$0.80M	\$0.16M	22.7%

HIGH PERFORMANCE SPORT (HP) AND GOT

The Oval's high performance mandate is integral to meeting the obligations for annual funding from the GOT. It is also another key differentiator in the Oval's overall objective to provide complementary programs and services that concurrently support and provide benefit to the local, provincial and national sport communities. Supporting these obligations come in various forms, but of note is the Oval being a National Training Centre or Hub for Volleyball Canada's Women's National Team, Climbing Escalade Canada, Field Hockey Canada and Wheelchair Rugby Canada. Additionally, the Oval provides integrated performance services that goes beyond strength and conditioning and includes nutrition, mental performance and performance analysis. In addition to National Teams, the Oval's HP clients also include local community groups (e.g. Connaught Figure Skating Club, Fusion FC, Greater Vancouver Canadians Hockey Club), Provincial Sport Organizations (e.g. Sport Climbing BC, Badminton BC, BC Wheelchair Sports Association, BC Wheelchair Basketball).

The provision of high performance services is critical to the Oval receiving GOT funding. Over \$51M has been received by Richmond from the Trust with an additional \$3.2M budgeted to be received in 2024. This annual funding is integral to the on-going maintenance of the building's infrastructure and overall operations. Annually, the Oval, on behalf of the City, submits a comprehensive compliance report and applies for disbursement proceeds

from interest earned on the investment fund. The City's annual receipt varies depending on the fund's performance in financial markets and the decisions made by the GOT board regarding disbursement amounts. These disbursement decisions are integral to safeguarding the Fund's health and ensuring its long-term sustainability.

The table below highlights the HP department's significant contribution to the Oval's overall core programs, generating significant revenue over and above the annual GOT distribution.

High Performance	2023 Budget	2024 Budget	2024 Budget vs 2023 Budget \$	2024 Budget vs 2023 Budget %
Revenues*	\$1.21M	\$1.62M	\$0.41M	33.3%
Expenses	\$1.16M	\$1.33M	\$0.17M	14.6%
Net	\$0.05M	\$0.29M	\$0.24M	439.9%

*Does not include annual GOT funding which is budgeted to be an additional \$3.2M for 2024.

EVENTS AND ACTIVATIONS

The Oval's Events team is a key point of contact for events rights holders, as well as representatives from local, provincial, national, and international sport federations looking to host major tournaments and competitions. In 2023, 53 events took place at ROO, contributing an estimated \$30M to the local economy, proof that the Oval is a key driver of the local economy. The Events department generates \$600K per year, but events and sport hosting also drive sales in the Oval Sport Store, the ROX, café as well as contributing to parking revenue. In 2023, the Events team worked in lockstep with the City and Richmond Sport Hosting to deliver the CARHA World Cup of Hockey – a global event that brought together 100 teams and visitors to Richmond from 10 countries.

Events & Activations	2023 Budget	2024 Budget	2024 Budget vs 2023 Budget \$	2024 Budget vs 2023 Budget %
Revenues	\$0.50M	\$0.59M	\$0.09M	17.9%
Expenses	\$0.27M	\$0.28M	\$0.01M	4.6%
Net	\$0.23M	\$0.31M	\$0.08M	33.2%

So far in 2024, the Oval has hosted the BC Sport Retailers Association Tradeshow, Muaythai BC Provincial, BC Hockey Showcase, Western Canada Age Class Wrestling Championships, Western Elite Short Track Skating Circuit, the Harry Jerome Indoor Track Classic, Climbing Escalade Canada High Performance Competition and Pinnacle Cheer. These events are emblematic of the capability, flexibility and value the Oval holds as an events venue.

FITNESS AND LONGEVITY

This functional area provides key services for the Oval's 4,000+ members; in particular, overseeing the operations of the Oval's Fitness Mezzanine, delivering a diverse and comprehensive group fitness program and private training. Fitness delivery at the Oval is another point of differentiation from what is offered in our community centres. To provide a continuum of offerings that are complementary with the City, the Oval offers more specialized formats that are akin to what is found in boutique fitness studios. At present, there are four streams under the OVALfit banner. Formats include:

- Flow (pilates, hatha yoga and barre): 15 classes/week
- Ride (an immersive, data-driven indoor cycling program): 10 classes/week
- Move (Zumba, kickboxing, and bootcamp): 20 classes/week
- Athletic (high intensity interval training): 18 classes/week

Private Training is another core service offered by the Fitness Department. Private training includes Personal Training, Partner Training, Corrective Exercise (Kinesiology) and Private and Partner Pilates. Over 2,600 sessions were delivered in 2023 with a projected increase to 3,300 sessions in 2024.

Fitness & Longevity	2023 Budget	2024 Budget	2024 Budget vs 2023 Budget \$	2024 Budget vs 2023 Budget %
Revenues*	\$0.34M	\$0.36M	\$0.02M	5.5%
Expenses	\$0.88M	\$0.95M	\$0.07M	8.5%
Net	(\$0.54M)	(\$0.59M)	(\$0.05M)	(10.4%)

*Revenue derives primarily from private training and registered fitness programs. Membership and admission revenues are captured in Member and Guest Experiences. The expenses in Fitness include labour costs for fitness instructors, fitness attendants and personal trainers, which is required to service the Oval's membership base.

MEMBER AND GUEST EXPERIENCES

The two key functions of this department are to drive membership through sales and promotions and provide in-person and online customer service. The Guest Experience team processes memberships, registrations and admissions, as well as overseeing the related administrative duties (cancellations, late payments, renewals, registrations, etc.).

Member & Guest Experience	2023 Budget	2024 Budget	2024 Budget vs 2023 Budget \$	2024 Budget vs 2023 Budget %
Revenues	\$2.40M	\$3.01M	\$0.61M	25.5%
Expenses	\$0.99M	\$1.05M	\$0.06M	7.0%
Net	\$1.41M	\$1.96M	\$0.55M	38.3%

RICHMOND OLYMPIC EXPERIENCE (ROX)

After receiving an exhibit refresh in 2020, the interactive sports museum now serves several valuable functions that supports the Oval's goals to be a hub for sport, events, community and culture. In addition to welcoming guests from across the globe to experience Olympic artefacts, interactive simulators and the celebration of sport in Richmond, the ROX has become a valued asset in the delivery of school programs, summer camps, birthday parties and corporate rentals. Similar to group fitness classes or drop-in court sports, access to the ROX is included in an Oval membership. The ROX is distinctly positioned because of the strong relationships the Oval has with the Hockey Hall of Fame, International Olympic Committee and the Olympic Museum Network. As a result, the ROX has access to precious and rare collections and artefacts. With respect to the partnership with the IOC, the value-in-kind the Oval receives is estimated to be \$6M annually due to the on-going access to their collections and the use of the Olympic rings.

Visitation to the ROX now exceeds 25,000 visitors per year. Opportunities for further growth lie in all service areas, but of note is the demand for corporate functions and rentals. In 2023, the ROX saw 61 corporate bookings and meetings, generating over \$54,000 in revenue. Corporate events also create revenue through parking and catering.

ROX	2023 Budget	2024 Budget	2024 Budget vs 2023 Budget \$	2024 Budget vs 2023 Budget %
Revenues	\$0.14M	\$0.26M	\$0.12M	85.7%
Expenses	\$0.46M	\$0.46M	-	0.2%
Net	(\$0.32M)	(\$0.20M)	\$0.12M	36.8%

OVAL SPORT STORE

The Oval Sports Store provides a key service for guests and members. Despite the unpredictable economic climate that has impacted the retail industry, the store continues to realize increased revenues. Over the years, the retail store has shifted its sales offerings and today, the primary revenue drivers are athletic apparel, sport/fitness equipment and snacks and beverages.

Oval Sport Store	2023 Actuals	2024 Budget	2024 Budget vs 2023 Actuals \$	2024 Budget vs 2023 Actuals %
Revenues	\$0.35M	\$0.50M	\$0.15M	42.9%
Expenses	\$0.38M	\$0.50M	\$0.12M	30.9%
Net	(\$0.03M)	-	\$0.03M	89.6%

YYOGA

In 2015, the Oval introduced a new business line for a highly popular specialized yoga program. Several operational models were considered, including the development of an Oval-branded, specialized yoga program. In the end, the Oval negotiated an agreement with YYoga, a premier provider of specialized yoga in Metro Vancouver. In lieu of a landlord/tenant agreement, YYoga provides specialized services on behalf of the Oval, taking advantage of YYoga's brand, instructors and operational expertise.

Due to the high value of a YYoga membership (\$1,650/year), the Oval realizes significant returns compared to a traditional lease agreement. The budgeted net in 2024 is expected to exceed \$230,000. In contrast, the Oval would receive approximately \$80,000/year if the YYoga studios were a leasehold space.

YYOGA	2023 Budget	2024 Budget	2024 Budget vs 2023 Budget \$	2024 Budget vs 2023 Budget %
Revenues	\$0.36M	\$0.57M	\$0.21M	59.7%
Expenses	\$0.22M	\$0.34M	\$0.12M	57.7%
Net	\$0.14M	\$0.23M	\$0.09M	62.9%

2. Capital Planning and Major Maintenance

A central priority of the Oval Corporation is to ensure the long-term sustainability of the Oval's mechanical, refrigeration, electrical and structural/building envelope infrastructure, in addition to procuring program equipment (i.e.: treadmills and sport equipment) and funding new initiatives like the climbing wall. The Oval's annual profits are primarily re-invested into the Oval's capital program and since inception, over \$27M in capital and \$5M in operating maintenance costs have been re-invested into the facility. These significant investments have resulted in the Oval not having had to request (and compete for) capital funding at the City.

The Oval Operations staff have consulted with City's Project Development team and developed a comprehensive, long term facility maintenance and capital asset plan. The plan incorporates findings from building condition assessments, consultation with contractors and the Oval's maintenance history. The resulting lifecycle replacement plan projects costs for the next 25 years. All maintenance work performed is tracked in VFA, the City's asset management program.

For 2024, the Oval's capital investment is \$2.15M, and will fund various initiatives including the replacement and upgrades to:

- Refrigeration Compressor Controllers
- HVAC Variable Frequency Drives
- Hot Water Storage & Heat Exchange
- Lighting in Meeting Rooms, Team Rooms & Public Thoroughfares
- Security Cameras throughout the interior and exterior of the facility

Other capital investments of note include the replacement of the Oval's original ice resurfacers, and a temporary arena closure for the rink slab control joint replacement.

3. Continued Collaboration with Oval Tenants & Partners

In 2018, the Oval began work on an Enhanced Fitness initiative designed to greater differentiate itself from traditional community centre offerings while also delivering on-trend programming in a premium, boutique environment. The resulting Enhanced Fitness offerings of OVALfit RIDE and OVALfit ATHLETIC have served to attract new members to the Oval while adding greater value to an Oval membership. Oval staff continue to monitor trends in the fitness and wellness space and have watched the growth of, and interest in, programming that supports feeling better and recovering quicker and technology that empowers individuals to take greater responsibility for their health trajectory. In particular, the use and monitoring of individualized, measurable health markers to quantify training outcomes and shape lifestyle choices is a growing area of the industry.

Consistent with this vision, in December 2023, the Oval welcomed Jevity Life Sciences (Bodycomp Imaging Inc.) as a new tenant and collaborator to provide a service to the public and Oval members to measure and monitor the effectiveness of their fitness activities and lifestyle choices. This lease space houses a Dual Energy X-ray Absorptiometry (DEXA) scanning services and client consultation. A DEXA scan is an imaging test that measures bone density and body composition. A DEXA scanner within the Oval will provide unique individualized information and opportunities to members that are not widely available at other fitness facilities. In addition to the leasing revenue, staff have outlined a customer pathway that provides the Oval the opportunity to sell memberships and services (i.e., personal training, corrective exercise, nutrition services) post DEXA scan for additional Oval revenue generation.

Other tenants at the Oval include LifeMark Health, Truffles (café operator) and various sport organizations that rent in the Oval's shared office space. In addition to the estimated \$430K the Oval will generate in leasing revenue in 2024, the Oval will also earn residual income from catering commissions, program delivery to sport organizations and client referrals from LifeMark Health. Leasing revenue is over and above the revenue generated from the Oval's core programs.

4. Grow and Foster Relationships with our Sport Partners

Oval staff will continue to develop and foster mutually beneficial relationships with local to international sport partners. These relationships are fundamental to the Oval servicing high performance sport groups as part of its GOT funding obligations, to accessing artifacts, content and rotating exhibits as a member of the Olympic Museum Network, to extending the City of Richmond's Olympic Legacy and to continue to communicate and strengthen the Oval's reputation as an internationally recognized legacy venue with a shared community and high performance model. Examples of these relationships include Canadian Olympic Committee, Canadian Paralympic Committee, Canadian Olympic and Paralympic Sport Institutes, Own the Podium, Olympic Museum Network, Volleyball Canada, Climbing Escalade, Field Hockey Canada, Wheelchair Basketball Canada, Volleyball BC, Sport Climbing BC, BC Wheelchair Sports Association, BC Wheelchair Basketball Society, and local to international sport hosting event and competition rights holders.

5. Telling the Oval Story

Promoting and increasing the Oval's profile locally, regionally and nationally continues to be a priority. For 2024, the Marketing and Communications team will continue to raise awareness about the Oval's facilities, evolving programs, services, and membership benefits. Furthermore, the department will aim to increase short-term and long-term membership sales compared to 2023 sales through digital, social media and Google search ads. An initiative to boosting youth programs and camp registration will also feature prominently. Given the wide and diverse audience the Oval needs to reach, developing eye-catching content on all platforms (social, print, web, in-house etc.) is critical to ensuring the Oval is top of mind for current and future customers, visitors and members.

In 2024, the Oval's Marketing budget is \$603K, representing 5% of the Oval's Core Programs revenue. Business to Consumer (B2C) entities like the Oval generally allocate 9-12% of total revenue to marketing initiatives. Furthermore, it is important to clarify that the Marketing line item in the Oval's operating budget is a catch-all for several necessary functions, including the salaries of those employees that work in this functional area and expenses associated with physical production of materials including printing. Approximately 22% (\$132K) of the Oval's Marketing budget is estimated to be used for direct marketing, general promotion and advertising. In addition to content creation, branding efforts, strategy and general promotion, the department is also responsible for:

- Communications: media inquiries and releases
- Developing written and multimedia content for social channels, including the monitoring and responding to social media inquiries and comments
- Organizing media events and ceremonies
- Maintaining and updating the Oval's 3 websites (ROO, ROX and Oval HP)
- Building Signage and Wayfinding
- Creation of the Annual Report and materials for the Annual Information Meeting

Given the department's broad scope of responsibilities, the Oval continues to receive a very high return on investment on its marketing efforts. Oval management will also review naming conventions that best capture the breadth of responsibilities and duties performed by this critical area of the Oval's operations.

6. Streamlining the Delivery of Customer Services

The Oval management team will continue to focus on finding efficiencies in labour and program delivery. Two key initiatives for 2024 include:

FRONT LINE STAFFING MODEL

Processes are in place for cross-training front line staff to have the ability to work in multiple departments throughout the Oval. For example, staff can be moved from the retail store to the museum for a few hours if the museum has a big event or the court staff can be moved to the fitness mezzanine to accommodate staff breaks or other work interruptions without managers needing to schedule additional staff or paying overtime to an employee.

Additional benefits to this revised staffing model include more training opportunities for staff, a clearer pathway for staff development, centralized scheduling for the Oval, less recruitment as resources can be shared across departments, reduction in recruitment costs and administration as the position classification is merged and a reduction in casual labour hours across the organization.

ENTERPRISE RESOURCE SYSTEM

In 2024 the Oval will be transitioning to an Enterprise Resource Planning (ERP) system to streamline data accessibility & reliability, minimize risk, improve efficiency and productivity and ultimately improve business processes across Oval departments.

7. Explore New Business Lines

In support of the Oval's operating objectives to provide facilities for entertainment events, the Corporation will explore new business lines that utilize the Oval as a venue for entertainment and major attractions. The potential new business line would serve to:

- celebrate sport and culture,
- provide an educational and interactive entertainment experience with broad appeal, and
- serve to bring visitors to Richmond to drive tourism and generate significant local economic impact.

Staff are developing concepts that complement the Oval's current offerings with plans to engage local stakeholders and pursue external funding opportunities.



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